RHB Building Cecil Street #16-03A Singapore 069531

Phone; +65 6225 4020 Fax: +65 6225 4022 E-mail: prodgers@rodgersoo.com Rodgers & Co Solicitors (Asia) Pte Ltd



0

URGENT

Yr Ref: Our Reit, PRR/ay

RE: CHARTER PARTY DATED 28 NOVEMBER 2003 - BREACH OF SETTLEMENT
AGREEMENT

We have been instructed by FUCHUEN DIHAI SHIPPING CO LIMITED in relation to your recent exchange with them and in particular your fax of 7 March 2006. We note that your allege, for the first time, that no settlement agreement was reached regarding your various claims under the above charter party.

However having carefully considered the documents and relevant materials, it is indisputable that a binding settlement agreement was reached with yourselves as long ago as April 2005. Indeed your own fax to our clients dated 28 April 2005 states inter alia "Further to our company's manager's friendly discussion, we both reached the same agreement as follows" (our emphasis). We will not recite the entire fax, suffice to say that it was agreed between the company managers that Transfeld ER would terminate the arbitration procedure immediately and withdraw your arbitration application (our emphasis).

There can be no dispute whatsoever therefore that the settlement agreement was reached between the parties and was recorded in the fax dated 28 April 2005. The matter is put beyond doubt by our client's fax of 21 July 2005 in which our clients agreed to waive their legal costs incurred todate.

Regrettably you have breached that agreement by falling to <u>immediately</u> withdraw your arbitration proceedings notwithstanding the said agreement. You now, some eight months after our client's fax and almost a year after the settlement agreement, suggest that our clients are somehow in breach.

There is clearly no foundation whatsoever in your allegation but even if it was true (which we deny) we would not be surprised if our clients did not wish to maintain ongoing business relations with you, given the said breach of the settlement agreement.

Unless you unequivocally, and unconditionally notify the Tribunal by close of business Tuesday 21 March 2006 (London time) with copy to ourselves that you have irrevocably discontinued the arbitration, we will recommend to our clients that they take all appropriate measures to enforce that agreement and seek full damages arising out of your breach. At that time we will take all necessary legitimate action to bring your unlawful conduct to the attention of the shipping market and take all appropriate measures to obtain security for our client's damages arising out of the said breach.

March 17, 2006

We are unsure whether you have appointed any lawyers but would strongly recommend that you discuss this letter and the relevant correspondence, with your legal advisers before you respond to this

We look forward to hearing from you by close of business Tuesday 21 March 2006:

Regarda

Paul Rodgers Solicitor

2001 17/03 2006 18:42 PAX +65 62254022 RODGERS N CO SOLICITORS ************** *** TH REPORT *** ************** TRANSMISSION OK TI/RX NO 0925 151685225879551 DESTINATION TEL. DESTINATION ID 17/03 18:41 ST. TIES 60'48 TIME: USE PAGESTERNS 3